

## Message Text

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SECRET SECTION 1 OF 2 TOKYO 7686

EXDIS

FROM SHOESMITH FOR EA-HOLBROOKE; FOR T-NYE; WHITE HOUSE FOR  
ARMACOST

E.O. 11652: XGDS-2  
TAGS: TECH, ENRG, PFOR, JA, US  
SUBJECT: NUCLEAR REPROCESSING: SEARCH FOR A SOLUTION AT TOKAI  
MURA

SUMMARY: WITH ELECTIONS LOOMING AND THE SOVIET FISHERIES ISSUE  
RESOLVED, THE UPCOMING BILATERAL NEGOTIATIONS ON OPENING THE  
TOKAI MURA REPROCESSING FACILITY HAVE REACHED A CRITICAL  
JUNCTURE, WITH SERIOUS IMPLICATIONS FOR JAPAN-U.S. RELATIONS.  
BELOW THE SURFACE OF STRONG PUBLIC AND OFFICIAL REACTION  
AGAINST U.S. RELUCTANCE TO APPROVE REPROCESSING IN JAPAN,  
CONCERNED OFFICIALS ARE SEARCHING FOR AN ACCOMMODATION THAT  
RESPECTS AMERICAN CONCERNs OVER THE DANGERS OF REPROCESSING  
WHILE PERMITTING JAPAN TO START "HOT" OPERATION AT TOKAI AND  
AVOID CHARGES THAT IT IS GETTING WORSE TREATMENT THAN THE  
FEDERAL REPUBLIC OF GERMANY. ALTHOUGH THE JAPANESE POSITION  
IS STILL FORMING, CONSIDERATION IS BEING GIVEN TO POSTPONING  
TOKAI OPENING, LIMITING OR CHANGING ITS OPERATION, DESCRIBING  
IT AS NON-COMMERCIAL AND EXPERIMENTAL, LINKING ITS OPERATION  
TO INFCEP UNDER BILATERAL AUSPICES. MOST PRESSING PROBLEMS  
ARE HOW TO PROVIDE THE APPEARANCE OF HOT OPERATION AT TOKAI  
AND THE REPROCESSING/STORAGE/RETRANSFER DILEMMA WITH BRITISH

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AND FRENCH. WE PROPOSE, AS INTERIM SOLUTION, THAT HEAD END OF  
TOKAI BE PERMITTED TO OPERATE AND THAT MINOR CHANGES BE MADE  
IN REMAINDER OF PLANT TO ENABLE MIXING OF URANIUM AND PLUTONIUM  
PRODUCTS AT SOME LATER DATE. WE ALSO SUGGEST THAT U.S. EITHER  
FULLY AUTHORIZE RETRANSFER TO BRITAIN AND FRANCE OR ASSIST  
JAPAN IN RAPID INCREASE OF SPENT FUEL STORAGE CAPACITY. ACTION  
REQUESTED: IF THE DEPARTMENT CONSIDERS THE EMBASSY'S IDEAS WORTH  
PURSUING, REQUEST EMBASSY BE AUTHORIZED TO FLOAT THEM INFORMALLY  
WITH JAPANESE DURING THE LAST PHASES OF THEIR PREPARATIONS FOR  
WASHINGTON BILATERALS.

## INTRODUCTION

1. THE SEARCH FOR A WAY TO OPEN THE \$200 MILLION NUCLEAR REPROCESSING FACILITY AT TOKAI MURA HAS REACHED A CRITICAL JUNCTURE. NEGOTIATIONS SPECIFICALLY RELATED TO THE ISSUE ARE TO BE RENEWED IN WASHINGTON STARTING JUNE 2. THE UPPER HOUSE ELECTION, WHICH WILL DETERMINE WHETHER OR NOT THE LDP MAINTAINS MAJORITY CONTROL THERE, WILL OCCUR A MONTH LATER. WITH A SOLUTION THIS WEEK OF THE HEATED SOVIET FISHERIES ISSUE, WHICH HAS DIVERTED JAPAN'S PUBLIC ATTENTION FROM OTHER INTERNATIONAL ISSUES FOR ALMOST THREE MONTHS, THE FULL FOCUS OF THE MEDIA, THE OPPOSITION PARTIES, AND THE GOVERNMENT LEADERSHIP WILL TURN TO TOKAI MURA. HOW THE ISSUE IS HANDLED WILL AFFECT TO AN IMPORTANT DEGREE THE IMAGE WHICH THE UNITED STATES PRESENTS IN JAPAN AS WELL AS PRIME MINISTER FUKUDA'S REPUTATION AS A LEADER COMPETENT TO DEAL WITH JAPAN'S MOST IMPORTANT ALLY.

2. WHEN THE JAPANESE FIRST LEARNED (IN OCTOBER 1976) THAT THE AMERICAN INTENTION TO SHELVE COMMERCIAL REPROCESSING COULD AFFECT THEIR OWN PLANS TO START UP THE TOKAI MURA FACILITY IN JULY, THE REACTION WAS LOUD, EMOTIONAL, AND DIFFUSE. SINCE THEN COMMENTATORS, POLITICIANS, AND BUREAUCRATS HAVE STRESSED THE THEME OF RESOURCE-POOR JAPAN DEPRIVED BY A RICH, STRONGER NATION OF THE CHANCE TO REDUCE ITS ENERGY DEPENDENCE ON THE OUTSIDE WORLD. THE U.S., EXPLOITING ITS CLOSE AND DOMINANT

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RELATIONSHIP WITH JAPAN WAS DISCRIMINATING AGAINST ITS ALLY BY COMPARISON WITH THE TREATMENT GIVEN TO OTHER NUCLEAR NON-WEAPONS STATES, PARTICULARLY THE FRG. STRONG PUBLIC REACTION IS STILL EVIDENT, AS WITNESS SCIENCE AND TECHNOLOGY AGENCY MINISTER UNO'S RECENT INTEMPERATE OUTBURSTS IN THE JAPANESE PRESS AND MOST RECENTLY THE NEW YORK TIMES. HOWEVER, AS HAS BEEN THE CASE WITH VIRTUALLY ALL THE MAJOR ISSUES CONFRONTING THE U.S. AND JAPAN DURING THE PAST SEVERAL YEARS, CONCERNED OPERATORS IN THE FOREIGN AFFAIRS COMMUNITY HAVE BEEN CONDUCTING A CALMER SEARCH FOR A PRACTICAL SOLUTION BELOW THE RUFFLED SURFACE OF PUBLIC POLITICAL REACTION.

## JAPANESE THINKING

3. THE JAPANESE CONSENSUS ON SPECIFIC PROPOSALS FOR THE WASHINGTON TALKS IS STILL FORMING. WE HOPE TO BE ABLE TO REPORT WITH MORE PRECISION ON THE APPROACH THE NIIZEKI DELEGATION INTENDS TO TAKE BEFORE IT DEPARTS FOR WASHINGTON. IN THE MEANTIME, INFORMAL DISCUSSIONS WITH JAPANESE OFFICIALS WORKING ON THE PREPARATIONS SUGGEST THE DEVELOPMENT OF AN APPROACH THAT WILL MEET THE SHORT-TERM POLITICAL REQUIREMENTS OF THE MOMENT WITHOUT PREJUDICING A LONGER-TERM SOLUTION. THE JAPANESE FULLY SHARE PRESIDENT CARTER'S CONCERN OVER THE DANGERS OF NUCLEAR PROLIFERATION AND THE NEED FOR ADEQUATE SAFEGUARDS. THEY

ALSO UNDERSTAND THE POLITICAL CONSTRAINTS WHICH INHIBIT A GOVERNMENT WHICH HAS DISCOURAGED ITS DOMESTIC INDUSTRY AGAINST DEVELOPING COMMERCIAL NUCLEAR REPROCESSING FACILITIES FROM FACILITATING REPROCESSING ON THE PART OF A FOREIGN GOVERNMENT. AT THE SAME TIME, THEY REITERATE THE TWO POLITICAL ESSENTIALS OF THEIR OWN POSITION, I.E., THAT THE TOKAI MURA FACILITY BE PERMITTED TO "GO HOT," AND THAT TOKYO SUFFER NO DISCRIMINATION BY COMPARISON WITH BONN.

4. IN THE SEARCH FOR COMPATIBLE INTERSTICES BETWEEN THE U.S. AND JAPANESE POSITIONS, OUR CONTACTS SAY THAT IT IS VITAL FOR TOKAI MURA TO "GO HOT," BUT NOT NECESSARILY VERY SOON OR EVEN  
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IN THE WAY IT WAS ORIGINALLY INTENDED. MONTHS CAN PASS BEFORE THE PLANT STARTS UP AS LONG AS THE ASSURANCE IS GIVEN THAT THE U.S. WILL NOT STAND IN THE WAY OF SOME SORT OF "HOTE" OPERATION.

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C O R R E C T E D C O P Y F O R T E X T

FROM SHOESMITH FOR EA-HOLBROOK; FOR T-NYE; WHITE HOUSE FOR  
ARMACOST

5. WHILE THE JAPANESE INSIST THAT THE PLANT GO INTO OPERATION, THEY ARE UNDER NO ILLUSIONS ABOUT TOKAI OPERATING AS A COMMERCIAL REPROCESSING FACILITY IN THE NEAR OR MEDIUM TERM FUTURE. THEY SEEM QUITE WILLING TO DESCRIBE THE PLANT AS AN EXPERIMENTAL FACILITY, AT LEAST FOR THE TIME BEING, IF THAT WILL EASE THE PROCESS OF ACCOMMODATION WITH THE UNITED STATES. SOME WOULD LIKE TO TIE OPERATION OF THE PLANT WITH RESEARCH CONNECTED TO INFCEP. THE JAPANESE MAY EVEN BE WILLING TO PLEDGE TO SHUT TOKAI MURA DOWN, OR TO MODIFY ITS SUBSTANTIALLY, SHOULD INFCEP PROVE THAT PLUTONIUM-BASED REPROCESSING IS PROHIBITIVELY DANGEROUS AND EXPENSIVE, AND THAT MORE ATTRACTIVE ALTERNATIVES EXIST. THERE IS ALSO THINKING IN FAVOR OF OPERATING THE PLANT UNDER BILATERAL U.S.-JAPANESE AUSPICES AND CONTROLS, OR BROADER

INTERNATIONAL REGIME, SHOULD THAT PROVE THE ONLY WAY TO OPEN TOKAI MURA.

6. THE MOST INFLUENTIAL JAPANESE THINKING SO FAR ON A POSSIBLE SOLUTION TO THE TOKAI MURA QUESTION HAS BEEN DONE BY RYUKICHI IMAI. THE DEPARTMENT IS AWARE OF THE SPECIFIC WORDING OF IMAI'S PROPOSALS. IN BRIEF, THE SUBSTANCE CAN BE SUMMARIZED AS

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FOLLOWS:

- (Q) JAPANESE SUPPORT OF BASIC U.S. POSITION ON NON-PROLIFERATION.
- (B) A JAPANESE DETERMINATION THAT PLUTONIUM IS NOT NOW AN ECONOMIC FUEL.
- (C) U.S. AGREEMENT FOR JAPAN TO PURSUE R&D ON PLUTONIUM TECHNOLOGY FOR LONG-TERM ENERGY NEEDS.
- (D) PUBLIC IDENTIFICATION OF JAPAN, ALONG WITH THE FRG, AS PART OF THE PEACEFUL NUCLEAR ELITE.
- (E) JAPANESE AGREEMENT TO POSTPONE START-UP OF TOKAI MURA IN RETURN FOR U.S. AGREEMENT NOT TO STAND IN WAY OF ULTIMATE OPERATION OF PLANT OR RE-TRANSFER OF SPENT FUEL TO THIRD COUNTRIES.
- (F) JAPANESE PARTICIPATION IN A CAREFULLY FOCUSED INFCEP, LIMITED TO SMALL NUMBER OF PARTICIPANT NATIONS.
- (G) AGREEMENT ON ARRANGEMENTS TO GIVE IMPRESSION OF HOT OPERATIONS AT TOKAI.

SOME THOUGHTS OF OUR OWN

7. IT IS OBVIOUS THAT NOT ALL OF THESE ELEMENTS COULD BE ACCEPTED ON AN UNQUALIFIED BASIS BY THE U.S. AND SOME OF THEM COULD NOT APPEAR IN A COMMUNIQUE. FURTHERMORE, AT LEAST ONE OF THEM (LIMITING INFCEP TO PARTICIPATION BY A SMALL GROUP OF NATIONS) HAS BEEN OVERTAKEN BY SUBSEQUENT U.S. INITIATIVES. THE MOST PRESSING POLITICAL ISSUE IS THE LAST OF MR. IMAI'S POINTS, I.E., HOW TO PERMIT TOKAI TO START HOT OPERATIONS OF SOME SORT WITHOUT GRANTING BLANKET APPROVAL FOR GENERAL RE-PROCESSING. IN THE PAST, CONSIDERATION HAS BEEN GIVEN TO EMPLOYING THE SUBTERFUGE OF SAYING THAT THE OPERATION OF THE SO-CALLED "ANALOG LINE" AT TOKAI COULD BE DRESSED UP TO MEAN THAT THE REPROCESSING PLANT ITSELF HAD BEGUN TO REPROCESS FUEL. (THE ANALOG LINE IS A LABORATORY OPERATION FOR RESOLVING POTENTIAL PROBLEMS CONNECTED WITH THE CHEMISTRY OF THE LARGE PLANT: IT IS NOT OPERATED AS A SMALL SCALE PRODUCTION FACILITY.) WE FEAR THAT SUCH A SUBTERFUGE WOULD BECOME PUBLIC BECAUSE OF

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THE LARGE NUMBER OF WORKERS AT TOKAI WHO MIGHT FEEL THAT THEIR JOBS WERE THREATENED BY FAILURE TO OPERATE THE LARGER FACILITY AND WHO WOULD MAKE KNOWN THE TRUE SITUATION TO THE PRESS, WITH

SUBSEQUENT MAJOR EMBARRASSMENT TO THE GOJ AND USG. THE U.S. ALSO HAS SUGGESTED THAT THE PLANT BE MODIFIED TO INSURE THAT IT DOES NOT PRODUCE PLUTONIUM AS A PURE PRODUCT BUT RATHER AS A MIXTURE OF URANIUM AND PLUTONIUM (I.E., COPROCESSING OR COPRECIPITATION). SUCH MODIFICATION WOULD TAKE TWO YEARS OR SO, ACCORDING TO THE JAPANESE, AND WAS THEREFORE UNACCEPTABLE TO THEM.

8. A MORE Viable TECHNICAL SOLUTION IS POSSIBLE THAT WOULD DEFINITELY GIVE THE APPEARANCE OF OT OPERATIONS AT TOKAI, WOULD NOT INVOLVE MAJOR EXTRA EXPENDITURES OF TIME OR MONEY BY THE JAPANESE, AND YET WOULD SERVE TO DEFER FULL SCALE REPROCESSING FOR A REASONABLE LENGTH OF TIME. THIS WOULD CONSIST OF PERMITTING THE JAPANESE TO PERFORM THE CHOP-LEACH STEP AND ACCOUNTABILITY TANK MEASUREMENTS ON A LIMITED AMOUNT OF SPENT FUEL FOR THE PURPOSE OF TESTING THE VALIDITY OF WORK DONE BY JAPANESE FOR IAEA, AND WOULD BE PART OF A U.S.-JAPAN COOPERATIVE SAFEGUARDS DEVELOPMENT EFFORT WHICH WOULD BE ESTABLISHED. AT THE SAME TIME THE JAPANESE WOULD MAKE A RELATIVELY SIMPLE MODIFICATION TO THE BACK END OF THE PLANT WHICH WOULD PERMIT PURE PLUTONIUM AND URANIUM STREAMS TO BE BLENDED IN ANY DESIRED PROPORTION. (THE MOST DIFFICULT PART OF THIS CHANGE MIGHT BE THE NECESSITY FOR INSTALLING CRITICALLY-SAFE STORAGE TANKS, ALTHOUGH WE HAVE HEARD THAT SUCH TANKS MIGHT NOT BE REQUIRED UNTIL THE THROUGHPUT OF THE PLANT REACHES A LEVEL APPROACHING PRODUCTION CAPACITY; THIS WOULD NOT OCCUR FOR A NUMBER OF YEARS. THIS IDEA MAY HAVE BEEN FLOATED BEFORE THE USG IN PREVIOUS MEETINGS; HOWEVER, IT OCCURED INDEPENDENTLY TO US AND WE HAVE SINCE LEARNED THAT KURIHARA OF STA ALSO BELIEVES THE IDEA IS WORKABLE.) AT SOME LATER TIME, DEPENDING ON THE INTERNATIONAL SITUATION PRE-VAILING, THE JAPANESE EITHER COULD BE AUTHORIZED BY THE U.S. TO PROCEED WITH THE REMAINDER OF THE REPROCESSING STEPS, RESULTING IN THE PRODUCTION OF MIXED URANIUM/ PLUTONIUM, OR

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THEY COULD STOP THE TOKAI OPERATION WITHOUT HAVING CONTAMINATED MOST OF THE PLANT. WE ESTIMATED THAT SIX MONTHS OR MORE WOULD BE REQUIRED TO MAKE THE PIPING CHANGES, GIVING JAPAN AND THE U.S. TIME TO GET THE INFCEP PROGRAM UNDER WAY AND TO LET THE POLITICAL TENSIONS SIMMER DOWN. THIS PROPOSAL HAS A DRAWBACK IN THAT IT IS AN ARTIFICE, SINCE PURE PLUTONIUM PRODUCT COULD BE PRODUCED AT ANY TIME IF THE PLANT WERE NOT UNDER IAEA OR BILATERAL U.S. SAFEGUARDS. A CONTINGENCY OF THIS SEVERITY AND MAGNITUDE, HOWEVER, COULD OCCUR ONLY AS THE RESULT OF THE WORST KIND OF BREAKDOWN IN JAPAN'S RELATIONS WITH THE U.S. AND REST OF THE WORLD.

9. THE NEXT MOST PRESSING PROBLEM INVOLVES SPENT FUEL STORAGE CAPACITY AND PENDING REPROCESSING CONTRACTS WITH THE BRITISH AND THE FRENCH ORIGINALLY SCHEDULED TO BE SIGNED THIS WEEK, WHICH WOULD GREATLY AUGMENT EXISTING CONTRACT. THERE IS NO PARTIAL SOLUTION TO THIS ISSUE. EITHER THE JAPANESE SHIP

THE SPENT FUEL TO BRITAIN OR FRANCE FOR REPROCESSING, BUILD EXPANDED STORAGE FACILITIES IN JAPAN, OR STORE THE FUEL ELSEWHERE. THE PROPOSED CONTRACTS WITH THE BRITISH AND FRENCH ARE COMPLEX PACKAGES COVERING JAPANESE INVESTMENT IN PLANT FACILITIES, REPROCESSING AND STORAGE AND SET STIFF PENALTIES IF TERMS NOT FULFILLED. CONTRACT TERMS CANNOT BE MET PRACTICALLY BY SPASMODIC SHIPMENTS OF FUEL SUBJECT TO AD HOC APPROVAL BY THE U.S. THE U.S. MUST EITHER BE PREPARED TO A) ASSIST JAPAN IN EXPANDING SPENT FUEL STORAGE CAPACITY INGENIOUSLY OR BY STORING SPENT FUEL IN U.S. TERRITORY; OR B) AUTHORIZE RETRANSFER AND REPROCESSING OF JAPANESE SPENT FUEL IN BRITAIN AND FRANCE BY MAKING DETERMINATION THAT JAPAN IS OR WILL BE CRITICALLY SHORT OF SPENT FUEL STORAGE CAPACITY. THE LATTER APPROACH WOULD OF COURSE REMOVE A BONE OF CONTENTION WITH BRITAIN AND FRANCE.

10. IF THE DEPARTMENT THINKS THESE THOUGHTS ARE WORTH PURSUING WITH THE GOJ WE WILL PRESENT THEM AS SUGGESTIONS. TIME IS IMPORTANT AS THE GOJ IS MOVING TO SOLIDIFY ITS VIEWS PRIOR TO WASHINGTON BILATERAL.

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SHOESMITH

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## Message Attributes

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